

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6255

BILL NUMBER: SB 269

DATE PREPARED: Feb 21, 2002

BILL AMENDED: Feb 21, 2002

SUBJECT: PERF Vesting for State & County Elected Officials.

FISCAL ANALYST: James Sperlik

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that a person serving as a county clerk, auditor, recorder, treasurer, sheriff, or coroner is vested in the Public Employees' Retirement Fund (PERF) after: (1) eight years of service in that office; or (2) ten years of service based on a combination of service as an elected county official and as a full-time employee in another covered position. It provides that a person who has served eight years as an elected county official is eligible for normal retirement at 65 years of age. The bill also provides that a person serving as the Secretary of State, State Auditor, or State Treasurer is vested in PERF after eight years of service. (The introduced version of this bill was prepared by the County Government Study Commission.)

Effective Date: July 1, 2002.

Explanation of State Expenditures: (Revised) The bill provides that a person serving as the Secretary of State, State Auditor, or State Treasurer is vested in PERF after eight years of service. Currently, these positions require ten years for vesting. Because of the small number of people involved, this provision will have a minimal impact on PERF.

Explanation of State Revenues:

Explanation of Local Expenditures: The fiscal impact attributable to county officials is as follows:

| <u>Item</u> | <u>PERF Municipalities Only</u> |
|--|---------------------------------|
| Increase in Unfunded Accrued Liability | (\$7,200) |
| Estimated Increase in Annual Funding | \$4,100 |
| Increase in Annual Funding as % of Payroll | Minimal |

Background Information: Recent data provided by PERF show that there are 334 full-time elected officials that would be affected by this proposal. These full-time positions are currently covered by PERF. In calculating the impact, it has been assumed that the average demographics of the 334 full-time elected county officials would be the same as for the general PERF population. In addition, IC 5-10.3-7-2 provides that officials of a political subdivision elected by a vote of the people may not be members of PERF, unless the governing body specifically provides for participation of locally elected officials.

Explanation of Local Revenues:

State Agencies Affected: Secretary of State, State Auditor, or State Treasurer, PERF.

Local Agencies Affected: Those counties with employees covered by the provisions of this bill.

Information Sources: Doug Todd of McCready and Keene, Inc., actuaries for PERF, 576-1508.

Vested Benefits Accrued benefits of a participant that have become nonforfeitable under the vesting schedule adopted by PERF.

Funding A systematic program under which assets are set aside in amounts and at times approximately coincident with the accruing of benefit rights under a retirement system.

Unfunded Accrued Liability The excess of the actuarial accrued liability over the actuarial value of assets. This value may be negative, in which case it may be expressed as a negative unfunded actuarial accrued liability; the excess of the actuarial value of assets over the actuarial accrued liability; or the funding excess.